

AOC CONSTRUCTION FILE

COUNTY: LAURELFILE CODE: PDB LSUBMITTED BY: J. KingDATE: Feb 2006

**PROJECT DEVELOPMENT BOARD
REGULAR MEETING
JANUARY 16, 2006
6:00 P.M.**

A Regular Meeting of the Project Development Board (PDB) for the Laurel County Judicial Center was held on January 16, 2006 at the Laurel County Courthouse Fiscal Courtroom, London, Kentucky. Present and presiding Lawrence Kuhl, Laurel County Judge Executive.

1. CALL TO ORDER

Judge Kuhl called the Regular Meeting of the Project Development Board to order.

Judge Kuhl stated that the Board wanted to express their sorrow and regret that Doug Reece, one of member with the Bar Association, has passed away.

A. Welcome Tom Handy

Judge Kuhl stated that the Board welcomes and are proud to have Tom Handy here as a representative of the Bar Association.

2. ROLL CALL

Laurel County Project Development Board Secretary, Sandy Wallace, took roll as follows:

Garlan Vanhook, Project Manager-Present
Lawrence Kuhl, Judge/Executive-Chairman- Present
Roy Crawford, Magistrate-Present
Roderick Messer, Circuit Judge-Present
Roger Schott, Circuit Clerk-Arrived Late
Warren Scoville, Attorney-Present
Tom Handy, Attorney-Present

(Others Present)

Vince Gabbert-Ross Sinclair & Associates
Travis Curry-Codell Construction
Bill Pickering-CMW Architects
Sallie Davidson & Ursula Brady-Sallie Davidson Realty

3. READING AND APPROVAL OF MINUTES OF THE PREVIOUS MEETINGS

A motion was made by Judge Messer and second by Warren Scoville to approve the minutes of the December 19, 2005 meeting as received and reviewed. The vote was taken and carried as follows:

Yes carries unanimously.

Let the record show that Roger Schott is now present.

4. OLD OR UNFINISHED BUSINESS

A. Discuss Real Estate Proposals for the Courthouse Location

Judge Kuhl stated that the Project Development Board would take up where they had discussions from the last meeting with the proposed real estate for consideration for the location of the Judicial Center site.

(1) Brian House Property-Sallie Davidson & Ursula Brady-Sallie Davidson Realty

Judge Kuhl recognized Sallie Davidson and Ursula Brady, Sallie Davidson Realty.

Ursula Brady stated that they wanted to share some things that they felt like why the Brian House property should be considered for the Judicial Center site. Reading from a letter from Brian House as follows:

- **Proximity to the New Jail Addition:**
Only my property is adjacent to the new jail building. Since the Hamm lot is below grade relative to my lot and the old jail, it is very feasible to construct tunnels from one jail structure to the other and from the jail to the Judicial Center, thus preventing the open air transfer of prisoners thereby reducing the security risk of escape and assault of law enforcement personnel.
- **Proximity to the New Parking Structure:**
My property is located across from the new parking structure. Other properties under consideration on Main Street are too far from the structure to make it of any practical use. If the Judicial Center is located on the Curry, James or Belk properties, I believe the parking structure will fall into immediate disuse as did the Hazard, Kentucky Parking structure when it was build too far from the Courthouse.

- **Proximity to Both the Jail and Parking Structure:**
ONLY my property is situated immediately next door to both of these facilities. Any other location will sacrifice either the convenience of parking or the increased security of an adjacent detention facility.
- **Cost:**
I believe the price I have quoted is a good faith bid which is hopefully within the purchasing parameters of the committee's allocated funds.
- **Street Access:**
My property is an entire city block with a street on each side so access and transportation options are many.

Judge Kuhl asked if the Project Development Board had any questions.

There were none.

Motions for Executive Session

A motion was made by Warren Scoville and seconded Judge Messer for the Project Development Board to go into Executive Session for discussion of real estate proposals. The vote was taken and carried as follows:

Yes carries unanimously.

A motion was made by Warren Scoville and seconded by Roy Crawford for the Project Development Board to return from Executive Session. The vote was taken and carried as follows:

Yes carries unanimously.

Motion for Authority to Negotiate

A motion was made by Warren Scoville and seconded by Tom Handy to give Judge Kuhl the authority to go to the City Council and negotiate acquiring the Reda property and the street adjoining that on Sixth Street for the Justice Center. The vote was taken and carried as follows:

Yes carries unanimously.

B. Architect's Contract

Judge Kuhl asked if Garlan Vanhook, AOC, had seen and reviewed the architect's contract.

Mr. Vanhook stated that the legal department should release those to authorize your signature, hopefully, this week. Mr. Vanhook stated that he had talked to Chenault

Woodford, CMW Architects, and told him that the contracts that you had before were good.

C. Construction Manager's Contract

Codell Construction contract pending.

5. NEW BUSINESS

There was no new business discussed.

6. REPORTS

A. Administrative Office of the Court-Garlan Vanhook

Mr. Vanhook stated that he had nothing to report.

B. CMW Architects-Bill Pickering

Mr. Pickering stated that CMW had some meetings with the judges and the clerks and we will be scheduling some more meetings. We have also had the clerk's files measured and we are evaluating that now with what was in the Space Program to evaluate if the space allocated will be sufficient for the current and future growth files in the clerk's area.

Mr. Pickering continued stating that they would be setting some more meetings with the judges to review more diagrams and relationship diagrams. We are trying to do the things we can do until we have a piece of property we can start designing on.

Mr. Pickering stated that he wanted to bring to Board's attention that when they do get to the point of having some property, I have a blank copy of the AIA G601 Land Survey Agreement that the AOC requires with an attachment with the AOC modification languages.

Mr. Pickering stated that he didn't know if the Board planned to get proposals from land surveyor or if the Board would use a county surveyor that you use all the time. Whoever it is, it will need to be with that agreement. We can assist you with getting proposals if you want to go that route.

Mr. Pickering continued saying that the geotechnical services, it is the same thing, a standard contract with some AOC modifications. When the time comes, we will typically assist you; we will get at least three (3) proposals in Geotechnical services and if you know a firm that you would like to have considered, we will give them a package as well. You have a blank copy of that contract.

Judge Kuhl stated that it was left up to the Board, but Chuck Felts is the County Surveyor and he has been doing a tremendous amount of work for the County and particularly in downtown with the projects we have been involved with. Unless someone has opposition to that, I would suggest that we go ahead and use him. We now have him in the Courthouse.

Motion to Use County Surveyor

A motion was made by Roger Schott and seconded by Judge Messer to use Charles Felts, County Surveyor, as the surveyor for the Laurel County Judicial Center project. The vote was taken and carried as follows:

Yes carries unanimously.

Judge Kuhl stated that these things will be on fast track with him. Anything we can make decision on now, we don't want to hesitate. We want to try to move forward but we don't want to move so rapidly that we make a mistake on this.

Judge Kuhl said that the County has had good results with all the things that he has done as far as the site preparations, the different grafting of the lands that we have purchased.

Garlan Vanhook asked if the County pays.....

Judge Kuhl stated that he billed the County for what he does.

Mr. Vanhook stated that the billings could be a reimbursement; if he already has a rate he bills the County, then we can play off those rates.

MAI Appraisal

Judge Kuhl asked if the Board felt that we need to get appraisals from outside on these lots (*James, Roberts, Curry & Weatherly*) provided we go with this, I need to go ahead and get a MAI appraisal.

Mr. Vanhook stated that he thought that we should do that.

Mr. Vanhook continued stating that at the same time, you are probably going to try to talk; the way the numbers look to me, you are going to be talking to them (*Sweetie Smith & Dr. McCracken*), if their bottom dollar wouldn't met the appraisal that we already have. If they would, then just hang on to them and let's go.

Judge Kuhl asked if a two year old appraisal was good.

Mr. Vanhook stated that it was as long as it satisfies the County Attorney and the other members on your board.

Judge Kuhl stated that the County had entered into a year option on that property and we negotiated those prices from that appraisal.

Mr. Vanhook stated that at those prices he wouldn't have any problem making his final approval on that if that was the appraisals that we use. If we need new ones, I think it should be somebody that doesn't have a local agenda.

Tom Handy stated that would appear to offer some possibility of problems. Assuming they are negotiated down to a very reasonable price and you bring a surveyor in from outside and he gives an appraisal of less than that and the law says you can't do it, what are we going to do?

Mr. Vanhook stated that this is the window that I think the PDB has; if they get to either ten or fifteen percent of the appraisal value, then they can say that the benefits of doing this rather than going through a condemnation or going through other legal remedies; either one saves us the additional appraisal fees so those values can be associated in their motions to buy the property.

Mr. Vanhook stated that the Board has a window that says that rather than spend a bunch of legal fees, we can go ahead and pay this extra five or ten percent and get in a window.

C. Codell Construction Manager-Travis Curry

Travis Curry stated that they would be working with Bill Pickering, we have worked together in the past on several projects so we know what each other expects, and once you get the property we will become more involved.

D. Ross, Sinclair & Associates-Vance Gabbert

Mr. Gabbert thanked the Board for selecting Ross, Sinclair & Associates as the Financial Advisor.

Mr. Gabbert stated that they would communicate with the Board as a whole; Judge Kuhl will be their point on everything. But we will communicate with you as a whole because we want everybody to know what is going on and that way you have time to figure out questions before we come to the next meeting.

Mr. Gabbert stated that they had run some preliminary numbers to give you a better break out of how the money gets spent. We call this backing into numbers because of all the fees and different thing set forth by Statue. (Copy attached to minutes)

Mr. Gabbert continued stating that the total par amount of the final bonds will be \$23,720,000. The Underwriter's Discount is the actual cost of selling the bonds on the open market and we handle all the bidding for you and all that is done online.

Mr. Gabbert stated that for a project this size there will probably be seven (7) or eight (8) bidders, if not more that will actually bid on the bond, but we have to pay the person that sits at the desk and sells them to the banks and individuals.

Mr. Gabbert said that the Financial Advisor fee was the fee to Ross Sinclair; that is set by regulation.

Mr. Gabbert stated that for Bond Council and Trustee another part has to be selected. We can select whoever the Project Development Board wants. Mr. Gabbert said that the way they normally do this, because our firm has the advantage of having nearly 75% of the courthouse projects, we can bid the trustee services out as a whole. So we say that everybody that what to be involved in that pool of RFP, we send out and say that we have this many courthouse projects that are going to be a part of the pot, what are you going to charge us.

Mr. Gabbert continued stating that they could do it that way or we can work with anybody that you prefer. We can work with a local bank if you prefer that. We will bid it out for you.

Mr. Gabbert said that sometime they had done work with local banks that have the ability to do trustee work. Sometime it is a little more difficult to do it that way because sometimes the local banks are use to doing that.

Judge Kuhl stated that he would still prefer to let our local banks look at this. Maybe they can't handle it or don't want to handle it, but at least we have given the opportunity.

Mr. Gabbert stated that Bond Council worked the same way.

After further review, Mr. Gabbert stated that all AOC projects have two (2) years capitalized interest because they don't want to make any payments until there are actually individuals occupying the facility. We have to put that money out of bond proceeds up front to carry those first two years of interest payments.

Mr. Gabbert stated that leaves the Board amount \$21,000,000 deposited to the construction fund.

Mr. Gabbert continued stating that if you take the \$21,801,532 and take off the other entities; and all these are set by Statue and Regulation, your Construction Manager fee and Architectural fee. As Mr. Vanhook likes for us to do; we put in 5% contingency on everything to cover overruns. You are looking at, without a contingency, of a little over \$17,000,000 actual construction.

Mr. Gabbert stated that when the bonds are sold and that \$17,100,000 in an account, we bid out the investments on that, so we generally work with a firm out of Pennsylvania called Image Consulting and they send out distribution list that say we have \$17,000,000 to invest; what kind of rate of return are you going to give us. We invest that \$17,000,000 and earn money off the interest. A lot of times we can earn enough off the interest to cover those cost overruns or work change orders. That helps take back that \$1,000,000 that you have in contingency. Those are the kinds of things that we will do on your behalf to try to maximize those dollars.

After further review, Garland Vanhook stated that the report was all good information except page A1 where you run the construction amount. It is really not reflecting what our program budget is. Mr. Vanhook continued stating that Mr. Gabbert had based the architect fees on \$20,801,532; the architect only gets paid on the value of the construction not the deposit to the construction. His fees are in that \$20 million; likewise, the construction manager's 5.7%.

Mr. Gabbert stated that he would redo the report and bring it back to the next meeting.

7. OTHER BUSINESS

Mr. Warren Scoville stated that he would hope that a resolution could be sent to his family from the Project Development Board recognizing the Doug Reece's service on the Board. Mr. Scoville also stated that he hoped that we would not forget to put Doug Reece's name on the plaque for the Judicial Center for his service.

Mr. Vanhook stated that in the AOC Guideline Policy; if you served on this committee you are recognized. If you have cast a vote or been appointed, you will be acknowledged. If you lose an election and aren't elected, you will be acknowledged.

A motion was made by Warren Scoville and seconded by Judge Messer to send a Resolution to Doug Reece's family recognizing his service to the Project Development Board. The vote was taken and carried as follows:

Yes carries unanimously.

8. ANNOUNCEMENTS

Judge Kuhl stated that the next regular meeting will be on February 20, 2006 at 6:00 p.m. unless we get the information we need in order to meet sooner than that.

9. ADJOURNMENT

A motion was made by Roger Schott and seconded by Judge Messer that the meeting be adjourned. The vote was taken and carried as follows:

Yes carries unanimously.

Lawrence Kuhl, Chairman Project Development Board
Laurel County Judge/Executive

Sandra C. Wallace, Secretary Project Development Board